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REVIEW AND EVALUATION CRITERIA FOR
MANAGEMENT OF THE ARMY
FOREIGN MILITARY SALES PROGRAM

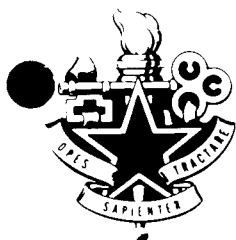
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REVIEW AND EVALUATION CRITERIA FOR
MANAGEMENT OF THE ARMY
FOREIGN MILITARY SALES PROGRAM

US ARMY LOGISTICS MANAGEMENT CENTER
LOGISTICS STUDIES OFFICE
PROJECT NO. 606

FINAL REPORT

OCTOBER 1976

BY: Major John D. Miller, Jr.
Richard D. Abeyta

LOGISTICS STUDIES OFFICE
US ARMY LOGISTICS MANAGEMENT CENTER
FORT LEE, VIRGINIA 23001

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DISCLAIMER

Information and data contained in this document are based on input available at the time of preparation. It should be noted, though, that subsequently the Arms Export Control Act was passed and that the Defense Security Assistance Agency created the Joint Financial Management Office (JFMO) and the Security Assistance Accounting Center (SAAC). These actions have a substantial and not yet fully defined impact on DARCOM's foreign military sales activities. Consequently, the sufficiency and suitability of the management indicators should be viewed with caution until the new reporting requirements are fully understood.

This document should not be construed to represent the official position of the U.S. Army Materiel Development and Readiness Command unless so stated by that command.

ABSTRACT

This report concerns the review and evaluation criteria for management of the U. S. Army Materiel Development and Readiness Command (DARCOM) portion of the U. S. Army's Foreign Military Sales (FMS) program. Current and planned reporting and management information systems used for FMS management were reviewed and recommendations made for the use of a series of customer satisfaction and program magnitude management indicators.

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PART I

EXECUTIVE SUMMARY

1. Purpose. The purpose of this study is to devise means for improving the management of the U. S. Army Materiel Development and Readiness Command (DARCOM) portion of the U. S. Army's Foreign Military Sales (FMS) program.
2. Problem. The problem is to determine the proper criteria for providing a real time review and analysis of the Army FMS program.

3. Discussion.

- a. Visits were made to all commodity commands of DARCOM, as well as the Logistics Systems Support Agency (LSSA) and the Automated Logistics Management Systems Agency (ALMSA), and DA DCSLOG. The purposes of the visits were to review existing and planned reports and information systems and to ascertain additional information needs and information gaps.

- b. The existing reports are prepared from many different data sources for a wide range of recipients and are typically voluminous and detailed. The planned information and reporting systems, principally the Centralized Integrated System - International Logistics (CIS-IL) and the remote inquiry system being developed by LSSA for Headquarters, DARCOM, are being implemented. These systems, when operational, show promise of providing significantly better data availability and shorter reaction times. Because of the transitional state of data systems and operational requirements, data were not reasonably and readily available to test the management indicators which are listed below.

4. Conclusions.

- a. Current and planned reporting and data accumulation systems for FMS are voluminous, highly detailed, and often not focused on the needs of top management.

b. The role of the FMS program within DARCOM and the Congressional interest in the program establish a need for high level review of the program's status and accomplishments.

c. The transitional state of the data systems and operational requirements preclude the investigation of predictive indicators for FMS at this time.

5. Recommendations. It is recommended that the FMS indicators delineated below be used by top DARCOM/USAILCOM management for review and evaluation of the FMS program. In consonance with the marketing analogy discussed in Section III of Part II of this report, the indicators have been divided into three groups: Customer Satisfaction indicators, Program Magnitude indicators, and a Delinquent Accounts indicator.

a. Customer Satisfaction indicators.

(1) On-time delivery: Items actually shipped during reporting period versus all items scheduled for shipment.

(2) Pricing accuracy: Comparison of prices quoted on Letters of Offer and Acceptance (LOA) to final billed amounts.

(3) Timely processing of LOA: Number and percentage of LOA processed within allowed time limits compared to all LOA scheduled for completion.

(4) Reports of Item Discrepancy (ROID).

(a) Number of ROID by customer country.

(b) ROID as a percentage of shipments made to customer countries.

(c) ROID attributable to DARCOM and non-DARCOM activities.

b. Program Magnitude indicators.

(1) Dollar value of program.

(a) Dollar value of new cases.

- (b) Dollar value of shipments.
- (c) Dollar value of cases closed.
- (d) Dollar value of continuing cases.
- (2) FMS business as percentage of total business.
 - (a) Dollar value of FMS procurement actions compared to value of non-international logistics program (ILP) procurement actions.
 - (b) Dollar value of FMS shipments to non-ILP shipments.
 - (c) Number of FMS requisitions processed compared to number of non-ILP requisitions processed.
- (3) Stratification of FMS by type of financing.
 - (a) Depict new, closed, and continuing cases by type of financing: dependable undertaking; cash-in-advance (direct trust fund citation); other credit arrangements.
 - (b) Compare cash-in-advance sales to collections.
 - (c) Compare amounts due according to payment schedule agreements to amounts actually received.
- (4) Sales from stock vs procurement: compare new procurement sales to requirements which are satisfied from existing stocks.
 - c. Delinquent Accounts indicators. Amounts overdue from customers for which assistance in collection has been requested from higher headquarters by DARCOM.

PART II
MAIN REPORT
SECTION I
INTRODUCTION

1. Purpose. The purpose of this study is to improve the U. S. Army Materiel Development and Readiness Command's (DARCOM) management of its portion of the U. S. Army's Foreign Military Sales (FMS) program.
2. Problem. The problem is to determine the proper criteria for providing a real time review and evaluation of the Army FMS program.
3. Tasking. This study was undertaken by the Logistics Studies Office, U. S. Army Logistics Management Center, at the direction of Headquarters, DARCOM, for the International Logistics Directorate.
4. Methodology. The techniques described below were used in developing this study.
 - a. Each DARCOM commodity command was visited. International logistics (IL) managers, generally the directors and division and Branch chiefs, were interviewed to obtain their views regarding management information needs, sources, and gaps.
 - b. The U. S. Army International Logistics Command-New Cumberland Army Depot (USAILCOM-NCAD) and the supporting activities of Logistics Systems Support Agency (LSSA) and the Automated Logistics Management Systems Agency (ALMSA) were also visited. The purposes of these visits were to obtain insights into current and planned data systems and bases as well as to obtain views regarding informational needs.
 - c. Non-DARCOM activities such as the Office of the Deputy Chief of Staff for Logistics (DCSLOG), Department of the Army (DA), were also called on for opinions on FMS management and related information needs.

d. The literature pertaining to FMS was reviewed. Included in this review were Department of Defense (DOD) and DA regulatory and doctrinal publications, earlier FMS-related studies, and existing reports.

e. It was the intent from the beginning of the study to use only planned or existing data elements to avoid creating new data reporting requirements.

5. Background. The rapid growth of the Army's FMS program from about \$0.8 billion in FY 1972 to about \$3.1 billion in FY 1976¹ has been such as to heighten the needs for top management awareness and control of the program.

6. Objectives. Three objectives are considered in this study.

a. Identification of appropriate criteria to provide real time review and evaluation of the Army FMS program.

b. Identification of the sources and procedures for obtaining suitable data for review and evaluation of the program.

c. Development of methodology for evaluation of the selected data and criteria to reveal trends and extraordinary performance.

7. Assumptions.

a. The FMS organization is operating in a steady state; no significant organizational changes are envisioned.

b. Large (order of magnitude) changes in FMS program size are not anticipated.

SECTION II

CURRENT AND PLANNED REPORTING SYSTEMS

1. Current Systems:

a. Department of the Army Pamphlet 795-1 provides reference and instruction on FMS reports prepared by USAILCOM and furnished to various FMS customers. It was last revised in February 1974 and does not include all applicable reports; nevertheless, it provides a good understanding of the types and quantity of external management reports generated by USAILCOM. The reports described in DA Pam 795-1 are as follows:

(1) The Department of Defense initiates a quarterly report entitled "Status Report of FMS Open Cases" (RCS: DSAA (AR) 1100). As stated in DA Pam 795-1, this is a consolidated report indicating by country the total dollar value of all FMS cases showing program value, delivered value and forecast of undelivered balances. This report provides summary information on the current status of all open and closed FMS cases. Distribution includes DCSLOC, U. S. Army Finance Support Agency, Defense Intelligence Agency, USA War College, HQ DARCOM, Major Subordinate Commands (MSC's), Defense Industrial Plant Equipment Facility, the U. S. Unified Commands, and Military Assistance Advisory Groups (MAAG's).

(2) HQ, Department of the Army, initiates two FMS reports and four more that are common to FMS and military assistance. The "FMS Logistics Management Review" (RCS: CSGLD 1396 (R2)) is an "as required" report furnished to the unified commands, countries, Comptroller of the Army, the Deputy Chief of Staff for Operations and Plans, DCSLOC, and HQ DARCOM.

It is a comprehensive study containing program summaries and analyses designed to improve country program management. The "FMS Supply and Shipment Status Activity" report (RIN: XITS 1013) provides initial and current supply and shipment status to embassies, missions, and MAAG's on a weekly basis. The "Back Order Reconciliation and Validation" report (RIN: XITT 1003) provides National Inventory Control Points (NICP's), Defense Supply Agency (DSA), General Services Administration (GSA), and countries with semi-annual requisition data indicating quantity due in. The "Supply Manifests for MAP and Select FMS/SSA Shipments" (RIN: XITT 3004) provides MAAG's and NATO Supply Center with continuous reporting on details of shipments leaving the continental United States (CONUS) via the Defense Transportation System. The "Concurrent Spare Parts Validation" report (RIN: XIT 1005) provides MAAG's and End Item Managers with a weekly validated listing of items matching the USAILCOM edit file and a weekly listing of no record items. Finally, the "Quarterly Supply Status Report " (RCS: AMCIL 116) provides MAAG's, unified commands, and HQ DARCOM with a detailed status of open, shipped, and cancelled requisitions for each country by program.

(3) HQ DARCOM initiates the "Historical Foreign Military Sales" report (RCS: AMCIL 126) which provides HQ DARCOM, DCSLOG, and U. S. Army Southern Command semiannually a summary of equipment, supplies, and services furnished under the FMS program since inception.

b. USAILCOM-NCAD Report Control Register.

(1) The Reports Control Register is a quarterly computer listing by RCS number of reports generated by USAILCOM-NCAD. It includes reports distributed to various IL customers as well as management reports internal to DOD. It does not, however, include reports identified solely by Report Identification Number (RIN) (a few of which are described in DA Pam 795-1)

and does not list the sundry reports required on a one-time basis

(2) The register dated 31 Mar 76, covering 3rd Quarter FY 76, lists 67 separate reports with a variety of distribution and frequencies. Although it includes IL reports other than FMS, it gives a good indication of the variety and profusion of reports generated in the FMS program.

c. Examples of Major Subordinate Command FMS Reports.

(1) In addition to FMS reports prepared by USAILCOM, each MSC has an FMS reporting system inherent to its NJCP function. This includes internal management reporting as well as the International Logistics Supply Delivery Plan (ILSDP) and the International Logistics Quarterly Review, the latter two of which are submitted quarterly to USAILCOM and forwarded to HQ, DABCOM and HQ DA.

(2) ILSDP (RCS: CSGLD-1392 (R-1)) format is prescribed in AMC Form 1577-R and includes comprehensive supply and delivery status for each IL reportable item as specified in AMCR 795-10, International Logistics Supply Delivery Plan (ILSDP). Full consideration is given to undelivered balances and established delivery schedules.

(3) The International Logistics Quarterly Review (RCS: CSGLD-1392) provides management with summary charts/graphs recapitulating activity in respect to the ILSDP and presents a comparison of performance over the past several reporting periods. Additional data are provided in the form of charts on significant major programs indicating the status and/or specific problems. This includes CONUS supply performance, delivery slippages, delivery schedule revisions, items not scheduled, FMS Case Close-Out Programs, Grant Aid Dollar Line Programs, and ROID.

(4) AMCR 795-7, which provides instructional guidance for the IL Quarterly Review is the subject of an on-going study to revise it to

provide less detail and better fit the needs of upper DARCOM and DA management. This is the situation with at least several of the USAILCOM prepared reports as well.

2. Planned Systems.

a. Centralized Integrated System for International Logistics (CIS-IL).

(1) DARCOM is currently developing, testing, and implementing the CIS-IL that will encompass all international logistics program (ILP) functions. Automated Logistics Management Systems Agency (ALMSA) is providing programming, testing, and procedures for the portions of CIS-IL that pertain to the MSC's area of operation, while USAILCOM-NCAD is furnishing the remainder. The objective of this effort is to eliminate duplication of records, reduce manual operations, and provide timely and efficient accomplishment of IL requirements.

(2) CIS-IL can be divided into approximately ten sections called subcells, some of which are highly interrelated. The subcells that pertain to the MSC's operation include IL requisition process, ILSDP, military articles and services list (MASL), price and availability (P&A), and ILP reports. USAILCOM-NCAD related subcells, which will be placed in a CDC-3300 computer at NCAD, include ILP master case record, IL requisition/status process, IL fiscal process, Supply Support Arrangements/ Foreign Military Sales order and catalog data, and discrepancy reports (ROID).

(3) When completed, CIS-IL is expected to provide several important improvements over the present IL system. Besides centralizing the IL data base and integrating management control, CIS-IL will consolidate reports and incorporate an improved query process. In the financial area, CIS-IL will control pricing data and provide compatibility between USAILCOM and the MSC/NICP's. Mechanized financial ledgers, mechanized billing,

and automatic pricing updates between USAILCOM and NICP's should improve the present IL financial system. In the data automation area, CIS-IL will greatly reduce the unwieldy number of major computer files pertaining to IL. At NCAD alone, the files will be reduced from over 1500 to approximately 230. Finally, CIS-IL will provide improved delivery reporting and forecasting.

b. Remote Inquiry System.

(1) In consonance with DARCOM's objective to improve responsiveness to IL customers, the Logistics Systems Support Agency (LSSA) has been tasked with developing and implementing an IL remote inquiry system. This remote processing support is viewed by HQ DARCOM and USAILCOM as an essential tool for management and mission accomplishment of IL.

(2) Specified IL data will be regularly extracted from the CIS-IL data bank at NCAD and placed into LSSA's computer at Letterkenny Army Depot. This new data base along with supporting hardware and software will enable managers located in Washington, D.C., or elsewhere with the proper remote terminal, to dial up and query regarding IL matters. Although the data base will be established to answer a set of predetermined questions deemed essential to IL management, the system has the flexibility to permit manipulation of the available data to answer a myriad of customized questions.

SECTION III

MANAGEMENT INDICATORS

1. General. It is convenient to consider FMS as a type of marketing situation. While an analogy to commercial marketing is useful, there are several significant restraints which differentiate governmental from commercial marketing. These differences include the following:

a. Governmental marketing and promotional efforts are greatly restricted. It is the sense of Congress, as expressed in the Foreign Assistance and Foreign Military Sales Acts, that FMS will support U. S. foreign policy, that sales will be limited to legitimate internal defense needs, and that the program will be reduced or eliminated wherever possible.

b. Stocks of government-owned materiel cannot be built up in anticipation of sales. There can be exceptions in the case of secondary items sold through Supply Support Arrangements (SSA) and Blanket Open-End Agreements. However, most other instances involve the selling of pre-existing stocks, the execution of production contracts for the manufacture of items specifically for the foreign customers, or the exercise of additional quantity options on existing production contracts.

c. Firm price commitments cannot be made to foreign customers. It is the intent of Congress that all costs, with the exception of costs pertaining to certain excess stocks, associated with a foreign military sale be recovered and that no profit be made by the U. S. Government on the sale. Thus, the price that is quoted on the Letter of Offer is generally an estimate, particularly in the case of new procurement. To meet congressional requirements, all cost increases and cost decreases must be passed on to the foreign customer.

d. Thus, it follows that the commonly-used commercial business measures of sales forecasts and comparisons between actual and forecasted performance are of little use.

2. Need for Indicators. The following are reasons for using management indicators:

a. The sheer volume of reports relating to foreign military sales makes it very difficult for the top manager to review the data even cursorily, much less to extract useful performance information.

b. Management indicators, a type of selective reporting, provide summaries of performance factors which can be rapidly reviewed by upper management.

c. Exceptional performance, both favorable and unfavorable, and performance trends are more noticeable.

3. Data Base Limitations.

a. As mentioned above, it has been a goal of this study that existing data elements would be used in developing the management indicators. The reason for this is a desire not to add to the already large reporting function. The plan is for the data elements for the management indicators to be extracted from centralized data banks. In this instance, it is intended to use the CIS-II files of USAILCOM-WCAD and the data bank at LSSA which will support DARCOM headquarters' remote inquiry system.

b. As of the writing of this report, the CIS-II and remote inquiry system data bases are not operational and are not scheduled to become fully operational until the Spring of 1977. The remote inquiry system will be substantially dependent on the CIS-II bank for its data input.

USAILCOM-NCAD is in the process of installing CIS-IL and updating its automatic data processing equipment. Due to the workloads involved in this installation process as well as in continuing operational requirements, FMS data are not reasonably and readily available. Had the data bases been available for research purposes, predictive indicators would have been investigated. In addition, such useful refinements as bands of performance, critical points, and normal ranges of data would have been pursued. As data to support the indicators become available, it is suggested that these subjects be reconsidered in order to increase the usefulness of the indicators for management review and action. Notwithstanding the limitations imposed by the data bases, it is felt that a variety of usable management indicators can be devised using the currently available and planned reporting systems. Consequently, the management indicators discussed below are offered.

c. In consonance with the marketing analogy discussed earlier, the following indicators have been divided into three groups: Customer Satisfaction indicators, Program Magnitude indicators, and a Delinquent Accounts indicator.

(1) Customer Satisfaction indicators.

(a) On-Time Delivery.

1 The number of requisitions which were scheduled for shipment and actually shipped during the quarter are compared to the number of requisitions which were scheduled for shipment during the same period.

2 This would be a USAILCOM-level summary which would be charted for the current quarter and cumulatively for the most recent four quarters.

(b) Pricing Accuracy.

1 Considering cases closed during the reporting quarter, compare

the final billed case prices to the original quoted prices. The resultant percentage differences would be tabulated and stratified as to number of cases, percentage points of price variance (e.g., 0% - 10%, 11% - 20%) and dollar value; columnar heading similar to the following could be used.

<u>% Variance</u>	<u>No. of Cases</u>	<u>\$ Value</u>
0% - 10%	3	\$ 50,000
11% - 20%	5	\$250,000
21% - 30%	2	\$ 90,000

2 This would be a USAILCOM-level summary which would be charted on a quarterly basis.

(c) Timely processing of LOA.

1 The number of LOA's which were scheduled for completion and which were actually completed on time during the reporting period would be compared to the number of LOA's which were scheduled for completion.

2 This USAILCOM-level summary would be charted to show the four most recent quarters individually and cumulatively.

(d) Reports of Item Discrepancies (ROID).²

1 Tabulate the number of ROID per customer country per reporting period.

2 Compute ROID as a percentage of shipments to customer countries per reporting period.

3 Determine ROID attributable to DARCOM activities compared to ROID which are attributable to non-DARCOM activities, e.g., freight forwarders and transportation movement activities.

4 These three USAILCOM-level summaries should all be made for the four most recent quarters; in addition, (d) (3) should be charted cumulatively.

(2) Program Magnitude indicators.

(a) Dollar value of program.

1 Determine the dollar value of cases implemented during the reporting period.

2 Determine the dollar value of FMS shipments made during the reporting period.

3 Determine the dollar value of cases closed during the reporting period.

4 Determine the dollar value of cases remaining open at the end of the reporting period (i.e., the undelivered value of the cases).

5 These USAILCOM-level summaries should be charted to show the four most recent quarters individually and cumulatively.

(b) FMS Business as Percentage of Total Business.

1 Compare the dollar value and number of FMS procurement actions to the value and number of non-international logistics program procurement actions.

2 Compare the dollar value of FMS shipments to the value of non-international logistics program shipments.

3 Compare the number of FMS requisitions processed to the number of non-international logistics program requisitions processed.

4 These DARCOM-level summaries should be charted to show the four most recent quarters individually and cumulatively.

(c) Stratification of FMS by Type of Financing.

1 Depict new, closed, and continuing cases by type of financing for the reporting period.

a Dependable undertaking.

b Cash-in-advance (Direct Trust Fund Citation).

c Other credit arrangements.

2 Compare the value of cash-in-advance sales cases to the value of collections against those cases for the reporting period.

3 Compare amounts due according to payment schedule agreements to the amounts actually received.

4 Compare the value of shipments made and billed to customer countries to funds received.

5 These USAILCOM-level summaries should be charted to show the four most recent quarters individually and cumulatively.

(d) Sales from Stock Versus Procurement.

1 Foreign military sales which are satisfied by new procurement actions should be compared to those FMS requirements which are satisfied from existing stocks.

2 This USAILCOM-level summary should be charted to show the four most recent quarters individually and cumulatively.

(3) Delinquent Accounts indicator.

(a) Determine the amounts overdue from customers, assistance in the collection of which has been requested from higher headquarters by DARCOM.

(b) This DARCOM-level summary should be charted on a quarterly basis for the four most recent quarters and on a cumulative basis to display the total amount remaining overdue at the end of the reporting quarter.

4. Presentation Media and Data Sources. Annex B, Data Sources for Indicators, indicates planned or existing reports which will provide the data necessary for the preparation of the indicators. Various data presentation forms are shown at Annex C, Sample Chart and Tabulation Formats.

SECTION IV

CONCLUSIONS AND RECOMMENDATIONS

1. Conclusions.

a. Current and planned reporting and data accumulation systems for FMS are voluminous, highly detailed, and often not focused on the needs of top management.

b. The role of the FMS program within DARCOM and the Congressional interest in the program establish a need for high level review of the program's status and accomplishments.

c. The transitional state of the data systems and operational requirements preclude the investigation of predictive indicators and indicator performance characteristics for FMS at this time.

2. Recommendations. It is recommended that:

a. The FMS indicators described in Section III be used by DARCOM/USAILCOM management for review and evaluation of the FMS program.

b. The data sources indicated in Annex B be used.

c. The formats for displays be similar to those in Annex C.

d. Upon availability of the data bases, consideration be given to development of predictive management indicators.

SECTION V

NOTES

MAIN REPORT

SECTION I

1. The \$3.1 billion is the amount of FMS for the twelve months of FY 1976 ending in June, 1976. It does not include data for the transitional quarter. Source of the data is Mr. Alex Hougasian, Directorate for Program Management, USAILCOM-WFO, in telephone call with Mr. Peter Higgins, Logistics Studies Office, ALMC, on 22 Sep 76. The \$0.8 billion amount for FY 1972 FMS is taken from International Logistics Center Command Briefing Chart #23, IL Program Trend by FY, undated, as cited in LSO Report Number 510, "Pricing for Foreign Military Sales."

SECTION III

2. Logistics Studies Office report entitled "AMC International Logistics Item Discrepancies" by John W. Griswold should be reviewed when consideringROID indicators. (See Annex E, Selected Bibliography, for complete citation). Among other things, this report concludes that numbers ofROID processed per requisition are not reliable indices of actual discrepancies occurring. The report recommends various actions for improving theROID procedures to include monitoringROID's per shipment.

ANNEX A

ADMINISTRATIVE DOCUMENTATION

1. This annex provides documentation of the authority for and initial plan for undertaking this study. This annex consists of the following appendices:

Appendix 1 - Tasking directive.

Appendix 2 - Study Plan - prepared by the Logistics Studies Office and approved by HQ DARCOM.

2. In-process study coordination meetings were held with the study sponsor on 7 Apr 76, 4 May 76, and 17 Jun 76. An in-process review was conducted at HQ DARCOM on 2 Sep 76.



DEPARTMENT OF THE ARMY
HEADQUARTERS UNITED STATES ARMY MATERIEL COMMAND
5001 EISENHOWER AVE., ALEXANDRIA, VA. 22304

14 AUG 1975

AMCPA-S

SUB ECT: International Logistics Studies - FY 76.

Commandant
US Army Logistics Management Center
Fort Lee, VA 23801

1. Reference is made to discussions between MAJ Snow (AMXMC-LSO) and Mr. D'Ambrosio (AMCIL-P/RM), subject as above.
2. It is requested that the Logistics Studies Office develop and submit study plans to this headquarters, ATTN: AMCPA-S, for approval prior to proceeding with the studies listed at Inclosure 1. The study plans should include:
 - a. Objective and scope of work.
 - b. Techniques to be used.
 - c. Milestone chart identifying starting date, completion date, and IPR schedule.
 - d. LSO point of contact.
 - e. A statement that a literature search has been conducted.
3. The HQ AMC sponsor for these studies is AMCIL-P/RM, Mr. Anthony D'Ambrosio, AV 284-8410. The AMCIA-S action officer is Mr. William Vanden Bosch, AV 284-9456/9.

FOR THE COMMANDER:

WILLIAM C. GODWIN
COL, GS
Chief, Systems Analysis Division

1 Incl
as

Appendix 1 to Annex A (Study Directive)

EXTRACT

INTERNATIONAL LOGISTICS STUDIES FOR FY 76

Study Title

- | | | | | | | | |
|-----|--|---|---|---|---|---|---|
| 1. | * | * | * | * | * | * | * |
| 2. | Develop real time review and evaluation
criteria for the management of Army FMS
program. | | | | | | |
| | | | | | | | |
| 11. | * | * | * | * | * | * | * |

STUDY PLAN

TITLE: LSO Project #606 - Review and Evaluation Criteria for Management of the Army Foreign Military Sales Program

1. REFERENCES:

a. Letter, HQ AMC, 14 Aug 75, subject: International Logistics Studies - FY 76.

b. AMCR 5-1, The U. S. Army Materiel Command Study System.

2. PURPOSE: To improve the management of the Army Foreign Military Sales (FMS) Program.

3. STUDY SPONSOR: Director for International Logistics
U. S. Army Materiel Command (AMCIL)
5001 Eisenhower Avenue
Alexandria, VA 22333

Study Sponsor Representative: Mr. Duane Murtomaki
AV 284-9895/9899

4. STUDY AGENCY: U. S. Army Logistics Management Center (ALMC)
Logistics Studies Office (LSO)
Fort Lee, VA 23801

Study Agency Representative: Major John D. Miller
AV 687/1270/3568

5. TERMS OF REFERENCE: The Army FMS program has grown from \$.3 billion in FY 1972 to more than \$3 billion in 1975. Adequate criteria for a critical real time management review and evaluation of this program are not available. This situation leaves a management void in the identification of important trends and performance. The identification and development of useful criteria to fill this void is essential to improved FMS program management.

a. Problem: To determine the proper criteria for providing a real time review and evaluation of the Army FMS program.

b. Objective:

(1) Identify the proper criteria to provide real time review and evaluation of the Army FMS program.

Appendix 2 to Annex A (Study Plan)

(2) Identify the source and procedure for obtaining the appropriate data for review and evaluation of the program.

(3) Develop a method for evaluation of the selected data and criteria to reveal trends and extraordinary performance.

c. Limits and Scope: This study will address all Army FMS program cases managed or assigned to the International Logistics Center, regardless of the ultimate source of case assignment e.g., AMC, TRADOC, CE, etc. Evaluation criteria will include areas pertaining to materiel delivery (supply and transportation) performance, finance (funds flow, disbursement, trust fund status) and general FMS case preparation and management.

d. Time Frame: This study will collect and analyze data pertinent to FMS cases established since 1972 through those cases accepted at the time of the study.

e. Assumptions: None.

f. Essential Elements of Analysis: The following are essential elements of analysis:

(1) What criteria are now used for FMS programs management and where are the specific inadequacies?

(2) What are adequate real time measurement criteria for FMS management?

(3) Who needs FMS management information and why?

(4) What is the source of the selected data and criteria and how can the data be readily obtained?

(5) What format and media are most effective for review and analysis of data and criteria?

(6) What trends or tolerances are important to the FMS program?

(7) What evaluation techniques should be used to assist in the analysis and evaluation of important information?

g. Environment: Not applicable.

6. SUPPORT AND RESOURCE REQUIREMENTS: The support and resource requirements are as follows:

a. Personnel:	Professional (9 m/m)	\$ 22,500
	Clerical (1m/m)	700
b. Travel and Administration		<u>3,000</u>
	TOTAL	\$ 26,200

7. ADMINISTRATION:

a. Study Title:

(1) Formal Title: Review and Evaluation Criteria for Management of the Army Foreign Military Sales Program.

(2) Short Title: FMS Performance Evaluation Criteria.

b. Study Schedule: Elapsed time six months from start of study. A milestone chart is provided at Appendix 1.

c. Implementation: The results of this study will be provided to the study sponsor for ultimate implementation.

DATA SOURCES FOR INDICATORS

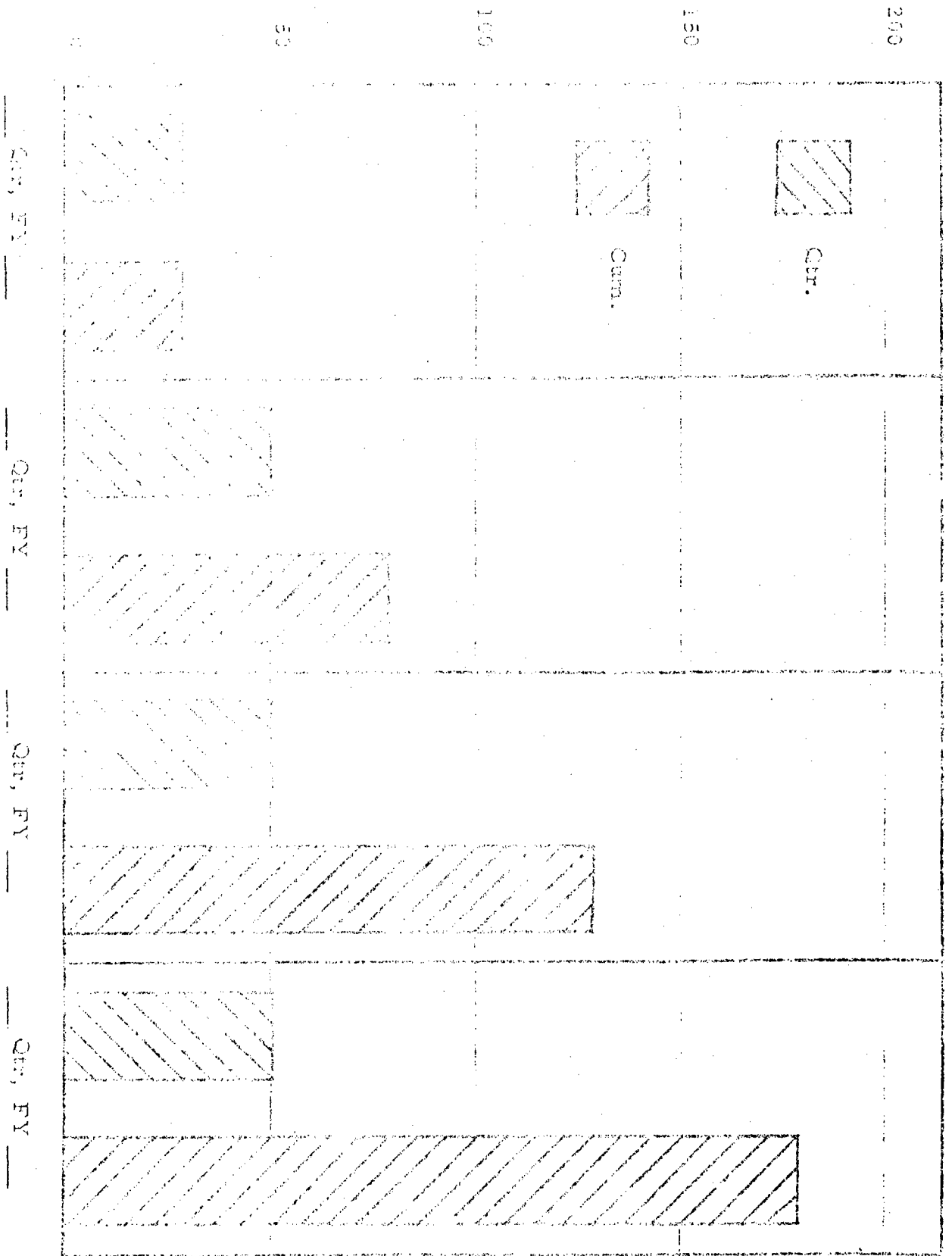
	Data Sources				
	CCSS(1)	IL Info File(2)	DARCOM Remote Inquiry System(3)	Quarterly IL Review(4)	COCF Status Report(5)
On-time Delivery				X	X
Pricing Accuracy					
Timely Processing of LOA			X	X	
ROID by Country				X	
ROID as Percent of Lines Shipped					
ROID: Non-DARCOM vs DARCOM		X			
Overdue Customer Payments			X		
Dollar Value - New Cases			X		
Dollar Value - Shipments			X		
Dollar Value - Cases Closed			X		
Dollar Value - Continuing Cases			X		
Procurement Value - FMS vs non-FMS	X				
Shipment Value - FMS vs non-FMS	X				
Number of Requisitions - FMS vs non-FMS	X				
Type of FMS Financing		X			
Cash-in-advance Sales vs Collections		X			
Payment Schedule Amounts Due vs Collections			X		
Billed Value vs Collections		X			
FMS Procurement vs Issues from Stock		X			

- (1) Commodity Command Standard System as implemented at DARCOM Major Subordinate Commands.
- (2) International Logistics Information File: Part of the Centralized Integrated System-International Logistics (CIS-IL) maintained by US Army International Logistics Command-New Cumberland Army Depot (USAILCOM-NCAD).
- (3) Being developed by Logistics Systems Support Agency-dependent on CIS-IL at USAILCOM-NCAD for data.
- (4) Quarterly International Logistics Review: RCS: CSGLD-1392, produced by USAILCOM-NCAD.
- (5) Customer Order Control Point Status Report: Report Identification Number: B26CXX6014D; part of CCSS financial procedures.





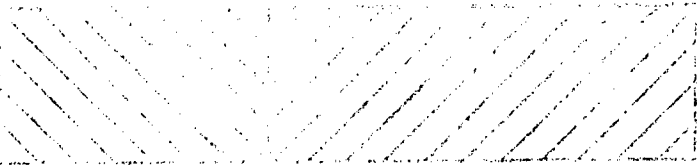
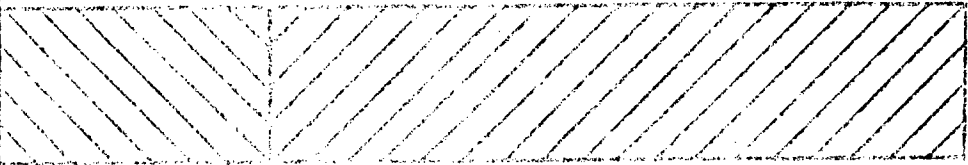
ANNEX C

SAMPLE CHART AND TABULATION FORMATS

While a variety of techniques are available and usable for the display of data, the sample tables and sample charts in this annex are suggested because of their simplicity of construction and ease of comprehension. Although cross-hatching is used for data differentiation on the sample charts, the employment of contrasting colors should be considered. Line charts may be used, but they tend to become cluttered and difficult to interpret when comparative period, cumulative, and single-period data are simultaneously charted. A bar graph portraying these same data seems more usable.



LINE

200				
150	 Qtr.			
100	 Cum.			
50				
0				

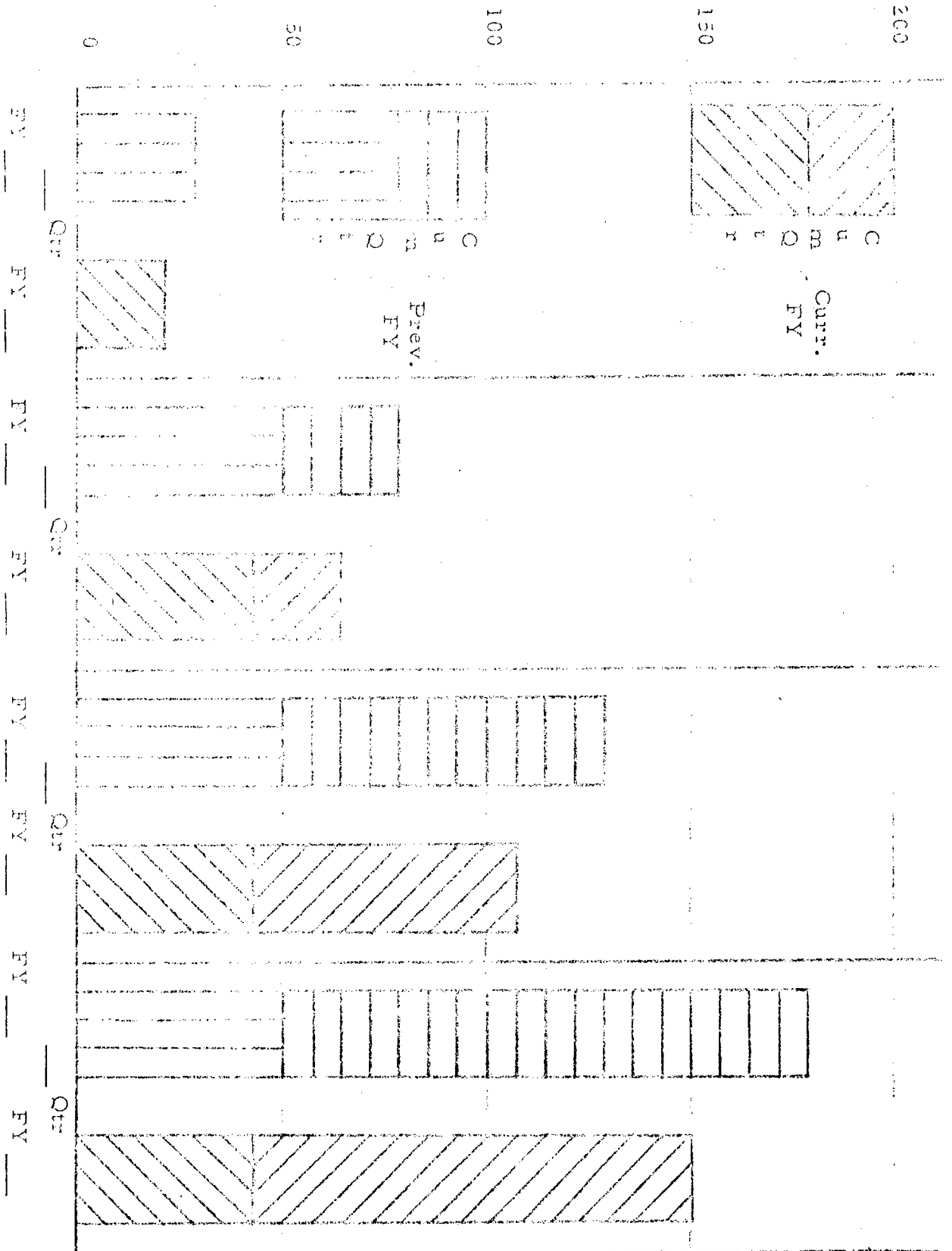
Acc. FY

Qtr. FY

Qtr. FY

Qtr. FY

TIME



TABLE

SAMPLE TABULAR PRESENTATIONS

Time Period	Country	Total ROID		Non-DARCOM Attribution		DARCOM Attribution	
		No.	%	No.	%	No.	%
1 Q FY 7	Alpha	10	100	7	70	3	30
	Bravo	6	100	2	33	4	67

	Zulu	8	100	6	75	2	25
	Total	XXX	100	XX	XX	XX	XX
2 Q FY 7	Alpha	9	100	6	67	3	33
	Bravo	20	100	15	75	5	25

	Zulu	4	100	4	100	0	0
	Total	XXX	100	XX	XX	XX	XX

SAMPLE TABULAR PRESENTATIONS

Time Period	Total No. of LOA		LOA Completed on Time (1)		Late LOA	
	No.	%	No.	%	No.	%
1 Q FY 7__	200	100	150	75	50	25
2 Q FY 7__	250	100	200	80	50	20
3 Q FY 7__	400	100	350	88	50	12
4 Q FY 7__	500	100	450	90	50	10
FY 7__	1350	100	1150	85	200	15

(1) Including time extensions

ANNEX D

GLOSSARY OF ABBREVIATIONS

ALMSA	-	Automated Logistics Management Systems Agency
CCSS	-	Commodity Command Standard System
CIS-IL	-	Centralized Integrated System-International Logistics
COCF	-	Customer Order Control Point
CONUS	-	Continental United States
DARCOM	-	U. S. Army Materiel Development and Readiness Command
DA DCSLOG	-	Deputy Chief of Staff for Logistics, Department of the Army
DSA	-	Defense Supply Agency
FMS	-	Foreign Military Sales
GSA	-	General Services Administration
IL	-	International Logistics
ILP	-	International Logistics Program
ILSDP	-	International Logistics Supply Delivery Plan
LOA	-	Letter(s) of Offer and Acceptance
LSSA	-	Logistics System Support Agency
MSC	-	Major Subordinate Commands
NICP	-	National Inventory Control Point
RCS	-	Reports Control Symbol
RIN	-	Report Identification Number
ROID	-	Report(s) of Item Discrepancy
SSA	-	Supply Support Arrangement
USAILCOM-NCAD	-	U. S. Army International Logistics Command, New Cumberland Army Depot

ANNEX E

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